UCLA Faculty Association

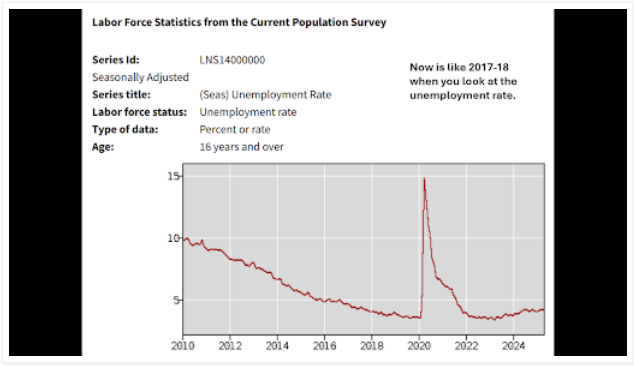
News and opinion from Dan Mitchell since 2009

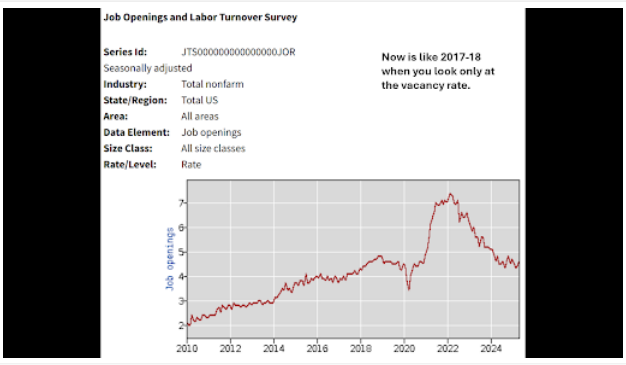
Wednesday, July 2, 2025

Hard Times for New College Grads? Is there an AI story?

You've probably read stories about new college grads having difficulties getting initial jobs. Obviously, there are variations by field. A standard story is that AI is taking those jobs away, i.e., the positions that college grads would otherwise get are being automated away.* There may well be an AI story but it may not be displacement via automation, particularly in the current period.

Yours truly decided to look at macro-level labor market data to see what might be revealed. Specifically, he looked at unemployment, vacancies (job openings), hiring, quits, and firings. Let's take a look in a series of charts with some commentaries. All data are from the U.S. Bureau of Labor Statistics. Shown below are just charts, but yours truly also looked at the underlying numbers. Each chart below has a little commentary towards the upper right corner.





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- Faculty leaders comment on UCB Chancellor Lyon's appearance before House Committee on Education and the Workforce
- CUCFA Opposes AB 715
- Pause Trellix and Form a Working Group to Explore Cybersecurity Solutions
- Objection to AB 1217, AB 684, and AB 500 – Protecting UC's Institutional Autonomy
- Delay the UC cybersecurity mandate

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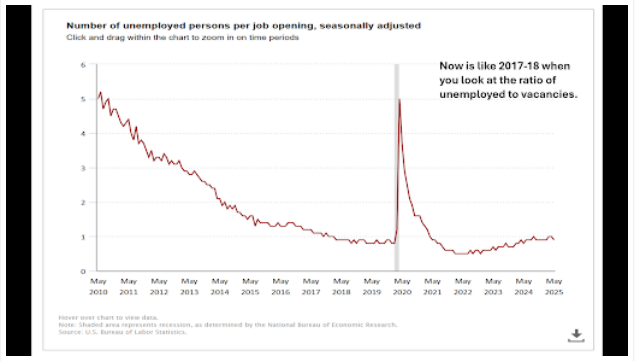
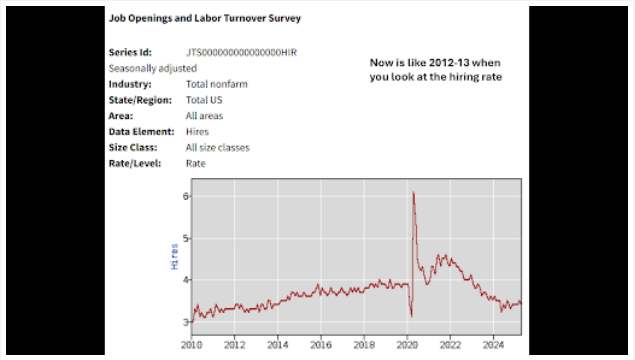
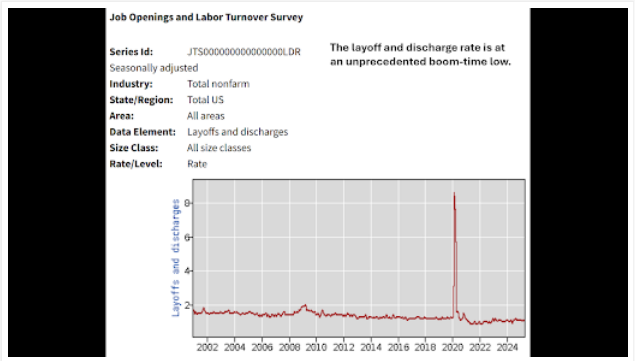
politics (2052) UC (2001) UC Regents (1832) health care (1384) State Budget (1256) governor (1093) UC budget crisis (953) UC-Berkeley (885) diversity (817) pension (655) pensions (589) tuition (523) admissions (516) athletics (501) CSU (399) transportation (383) UC-Davis (373) online education (337)







The chart below summarizes what the charts above seem to be saying. If you take a flash photo of the labor market using the unemployment rate, it would say conditions are good - the rate is relative low - although trending in the wrong direction (up). The flash photo is like what you would have seen during the later stages of the recovery from the Great Recession of 2009, but before the boom times just before the pandemic. The vacancy rate is similar in that regard to the unemployment rate. It is consistent with economic conditions as they were in the later stages of the recovery from the Great Recession, but trending in the wrong direction (down). Hiring and firing, in contrast, are similar to the earlier (depressed) stages of the recovery from the Great Recession.

Basically, the vacancy rate now is too high for underlying conditions. But note that the vacancy rate is the most subjective of the labor market measures we have looked at. It is what employers say it is. Is a job really open because the employer has listed it somewhere? There are lots of reasons why employers might want to keep a finger in the labor market even if they really don't have openings. It is easy to cite uncertainties about where the labor market and economy are headed now. Some uncertainties have to do with policy variation over things like tariffs. Some are residues from the pandemic and its aftermath, e.g., supply chain disruptions.

UCOP (299) ucrp (298) uc retirement (296) audio (291) traffic (287) new hotel-conference center (282) UC enrollment (279) enrollment (253) UC-San Diego (250) community colleges (234) LAO (222) UC-Irvine (182) fund raising (163) UC-San Francisco (155) UC-Santa Barbara (155) UC-Santa Cruz (154) controller (144) faculty center (141) UC-Riverside (137) ballot propositions (132) CalPERS (120) UC-Merced (110) faculty pay (109) Master Plan (102) Yudof (89) UCRS retirement (62) Faculty Association at UCLA (59) parking (59) privatization (59) CalSTRS (50) UC Berkeley (34) copyright (31) campus climate survey (28) UCRS (21) Michigan Model (18) UC Merced (17) uc funding (16) State Contribution (14) UCOF (14) Regents (13) faculty recruitment (12) UC pay (7) graduate education (6) UC San Diego (5) UC Irvine (3) UCpolitics (3) teaching evaluation (3) UC Santa Cruz (2)

Blog Archive

▼ 2025 (612)
- ▼ August (9)
  - NSF Fund Suspensions
  - Frankel Case Settles for Well Over $6 Million - Pa...
  - Straws in the Wind - Part 58
  - UCAD
  - Double D-Day (Deadline Decision)
  - New UCLA Police Chief
  - Straws in the Wind - Part 57
  - Fund Suspension
  - The Memo
- ► July (101)
- ► June (96)
- ► May (85)
- ► April (81)
- ► March (83)
- ► February (76)
- ► January (81)

► 2024 (832)
► 2023 (828)
► 2022 (719)
► 2021 (710)
► 2020 (914)
► 2019 (671)
► 2018 (595)
► 2017 (666)
► 2016 (715)
► 2015 (765)
► 2014 (704)
► 2013 (776)
► 2012 (839)
► 2011 (738)
► 2010 (431)
► 2009 (12)

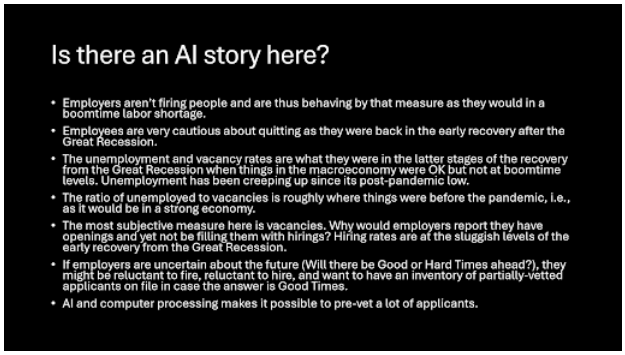
Contributors

- California Policy Issues
- Toby Higbie
- UCLA Faculty Association

Given those uncertainties - will we have Good Times or Hard Times ahead? - an employer might be reluctant to fire employees who might be needed in the future. But it might also be reluctant to hire new people who might turn out to be redundant.

Still, if you list vacancies, presumably you will be getting applications. And those applications could be viewed as standby candidates - you don't actually want to hire them now but you might want to have them in reserve for the future. For that, you need to process the applications, at least to the level of deciding who to call in the future if there is real need. AI is a potential tool for pre-screening. And to the extent it lowers the cost of basic pre-vetting of applicants, you might want to have more of them. So, yes, AI may be replacing some jobs. But its immediate effect on the labor market is to make it easier for employers to process vacancies and thus provide an incentive to maintain more seeming job vacancies than in the past.

At least, that is where yours truly would look for an explanation of why vacancies seem high, given other aspects of today's economy and why - even as unemployment has crept up - vacancies have moved up to match them. A summary of this interpretation can be found below:


Is there an AI story here?
• Employers aren't firing people and are thus behaving by that measure as they would in a boomtime labor shortage.
• Employees are very cautious about quitting as they were back in the early recovery after the Great Recession.
• The unemployment and vacancy rates are what they were in the latter stages of the recovery from the Great Recession when things in the macroeconomy were OK but not at boomtime levels. Unemployment has been creeping up since its post-pandemic low.
• The ratio of unemployed to vacancies is roughly where things were before the pandemic, i.e., as it would be in a strong economy.
• The most subjective measure here is vacancies. Why would employers report they have openings and yet not be filling them with hirings? Hiring rates are at the sluggish levels of the early recovery from the Great Recession.
• If employers are uncertain about the future (Will there be Good or Hard Times ahead?), they might be reluctant to fire, reluctant to hire, and want to have an inventory of partially-vetted applicants on file in case the answer is Good Times.
• AI and computer processing makes it possible to pre-vet a lot of applicants.

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*See, for example, "*Something Alarming Is Happening to the Job Market: A new sign that AI is competing with college grads,*" The Atlantic, April 30, 2025, at:

https://www.theatlantic.com/economy/archive/2025/04/job-market-youth/682641/;

Danielle Kaye, "*Job Market Is Getting Tougher for College Graduates: Researchers attributed some of the difficulty finding jobs to larger societal shifts, including the growing use of artificial intelligence*," New York Times, June 6, 2025, at:

https://www.nytimes.com/2025/06/06/business/job-market-college-graduates.html.

Posted by California Policy Issues at 3:05 AM No comments:

Labels: miscellaneous

Tuesday, July 1, 2025

Budget: The Missing Piece - Part 2

Yesterday we noted that even though the governor had signed the budget (and there had been some commentary on it from UC), there was a missing piece that potentially could void it.*

The budget contained a provision that it would only come into effect if a seemingly-unrelated bill pertaining to housing and infrastructure were signed by June 30th. The idea was to force the legislature to adopt the bill quickly without the usual procedures.

And, given the threat of the whole budget unraveling, the legislature - with grumbling - did enact the bill yesterday. So now there really is a budget, including the provisions for UC. Note, however, that midcourse corrections and adjustments are always possible. And the revenues and expenditures in the budget, those that actually occur as opposed to what's on paper, will in fact depend on economic developments.

You can read about the bill signing at https://www.sacbee.com/news/politics-government/capitol-alert/article309722755.html.

The signing ceremony for the housing/infrastructure bill is at:

https://ia600107.us.archive.org/25/items/becerra-announces-for-governor-4-2-2025/newsom%206-30-2025%20housing%20and%20infrastructure%20bills.mp4.

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*https://uclafacultyassociation.blogspot.com/2025/06/budget-missing-piece.html.

Posted by California Policy Issues at 8:03 AM No comments:

Labels: governor, legislature, politics, State Budget, UC budget crisis

Will Harvard Continue to Lead the Charge? - Part 27

From the Boston Globe: *Harvard Kennedy School this week assured its international students that they will be able to finish their degrees — online or at a satellite location in Canada — even if the Trump administration is successful in its efforts to ban Harvard from hosting foreign students this fall. The announcement is a first at Harvard, where multiple schools are in the process of making contingency plans for what would happen if the university does not prevail in its legal efforts to beat back Trump's plan to bar international students at the Cambridge campus.*

...Both incoming and returning international students would be able to study remotely, while returning students would have the option to attend the University of Toronto's Munk School of Global Affairs and Public Policy to finish their Kennedy School degree... The inability to host foreign students would have a significant impact on the Kennedy School, where international students make up roughly 52 percent of enrollment...

Full story at https://www.bostonglobe.com/2025/06/25/metro/harvard-kennedy-school-contingency-plans-international-students/.

And from the NY Times: *The Trump administration determined that Harvard University violated federal civil rights law by failing to address the harassment of Jewish students on campus, increasing the pressure on the Ivy League school as it negotiates a possible settlement with the White House. The administration sent a letter on Monday to Alan M. Garber, the president of Harvard, informing the school of the findings of its investigation. The administration said the university ignored the concerns of Jewish and Israeli students who felt threatened during protests on campus over the war in Gaza, according to two people briefed on the letter who insisted on anonymity to discuss the determination...*

Full story at https://www.nytimes.com/2025/06/30/us/politics/trump-harvard-civil-rights-law.html.

Posted by California Policy Issues at 3:30 AM No comments:

Labels: diversity, Harvard, politics

Straws in the Wind - Part 26

Cornell Daily Sun: *Top administrators announced actions to combat "profound financial challenges" in a statement to the Cornell community on Wednesday. These actions include downsizing staff as the University streamlines processes, consolidates operations and restricts hiring for the 2025-2026 academic year. The statement attributes the financial challenges to federal funding cuts, including those to research, financial aid and medical reimbursement. Additionally, the statement notes that the school faces rapidly escalating legal expenses, an anticipated tax on its endowment income and rising costs of inflation. These financial challenges follow the Trump administration's cuts to higher education funding, including $1 billion from Cornell, as well as the University's legal retaliation.*

"The spring semester was unlike anything ever seen in higher education," the statement wrote. "We must immediately address our significant financial shortfalls by reducing costs and enacting permanent change to our operational model."

The University plans to comprehensively review all programs offered at Cornell in an attempt to help "reduce duplication of work" and increase efficiency, according to the statement. In consolidating operations, the University will "deploy technology when appropriate," as written by administrators. Cornell will also continue its hiring freeze and restrict "discretionary expenditures" in the upcoming academic year, according to the statement. In other cuts to expenses, the University plans to review all research operations to make them "more cost effective and efficient." ...

Full story at https://www.cornellsun.com/article/2025/06/staff-cuts-hiring-restrictions-anticipated-as-university-faces-profound-financial-challenges.

Posted by California Policy Issues at 3:20 AM No comments:

Labels: Cornell, politics

Where's the Money?

From Inside Higher Ed: *Months after individual researchers, advocacy groups and a coalition of Democratic state attorneys general filed two lawsuits against the National Institutes of Health for terminating hundreds of active research grants misaligned with the Trump administration's ideologies, some scientists are hopeful that the agency will soon restore the grants and allow them to resume their research. ...A federal judge in Massachusetts ordered the NIH to restore the roughly 900 grants named in the lawsuits, including many focused on studying vaccine hesitancy, LGBTQ+ health and diversity, equity and inclusion in the medical field. U.S. District Judge William Young, who was appointed by President Ronald Reagan, ruled the terminations*

void and unlawful, stating during a hearing that in all his years on the bench he'd "never seen" discrimination by the government to this extent.

...The NIH filed a notice of appeal with the U.S. Court of Appeals for the First Circuit. It also filed a motion to stay the judge's order to restore the grants while pending the appeal, but Young denied that motion on Tuesday, noting that a stay "would cause irreparable harm to the plaintiffs."

"This is a case in equity concerning health research already bought and paid for by the Congress of the United States through funds appropriated for expenditure and properly allocated during this fiscal year," the judge wrote. "Even a day's delay further destroys the unmistakable legislative purpose from its accomplishment." The following day, Michelle Bulls, a senior NIH official who oversees extramural funding, told staffers in an email that the agency must restore funding for the hundreds of projects identified by the plaintiffs, Science reported. "Please proceed with taking action on this request as part of the first phase of our compliance with the court's judgment," Bulls wrote, noting that "additional information is forthcoming."

...Other cases moving through the courts also look promising for federally funded researchers eager to get their grants restored... U.S. District Court Judge Rita Lin ruled that the Environmental Protection Agency, the National Science Foundation and the National Endowment for the Humanities had also unlawfully terminated grants that had already been awarded to researchers in the University of California's 10-campus system. The judge, a Biden appointee, ordered the government to restore them, adding that she is weighing extending the order to 13 other federal agencies, including the NIH...

Source: https://www.insidehighered.com/news/government/science-research-policy/2025/06/27/researchers-cautiously-optimistic-nih-will.

Posted by California Policy Issues at 3:10 AM No comments:

Labels: diversity, health care, politics

Monday, June 30, 2025

Budget: The Missing Piece

On Friday, Gov. Newsom announced he had signed the state budget for 2025-26.* And on this blog we took note of the official UC response to the budget.** But things are never quite what they seem.

In the budget bill signed by the governor, there was a provision that said that if another bill wasn't also signed by today, the budget bill would be void.

From the Sacramento Bee: *On Monday, the state Senate and Assembly are set to discuss the one proposal to rule them all: Senate Bill 131. No one is to be blamed for not knowing anything about this bill — official language for it just came out Friday morning. But it has become a very important bill, because it has a very important ally in Gov. Gavin Newsom. The bill would principally reform the California Environmental Quality Act, a law that investigates whether or not a proposed project would harm the environment. It's often considered an enemy of development in the state due to its ability to slow projects to a grinding halt. A clause in the budget said if SB 131 isn't signed by the governor on Monday, the entire budget will be void, rendering it useless...*

Full story at https://www.sacbee.com/news/politics-government/capitol-alert/article309580180.html.

Basically, SB 131 relaxes environmental review standards for housing projects. By making the entire budget depend on passage of SB 131, its proponents have created strong pressure for its enactment, despite opposition from environmentalist groups and others including those opposed to state overriding of local zoning and related rules.

So now you know how the sausage is made in Sacramento, even though you may have preferred not to.

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*https://www.gov.ca.gov/2025/06/27/budget/.
**https://uclafacultyassociation.blogspot.com/2025/06/the-official-uc-response-so-far.html.

Posted by California Policy Issues at 10:08 AM No comments:

Labels: State Budget

Tomorrow is Money Day

From CBS Sports: *The NCAA will no longer maintain sport-specific scholarship limits, as its Division I Board of Directors on Monday formally adopted new roster limit rules to align with the recently approved House settlement. The changes go into effect July 1. All schools that opt into the House settlement will, in turn, be allowed to award scholarships to as many players as they wish as their teams fall in line with the roster size caps outlined in the settlement. Football, for example, will have a roster cap of 105 players.*

The NCAA says this change will dramatically increase the number of available scholarships and will more than double the previous total offered to women... Under the new college sports model, which paves the way for revenue-sharing from the university to athletes, roster sizes across all sports are in flux. College football teams will shrink to a maximum of 105 players, but each player inside that number can receive a scholarship. That contrasts with the previous NCAA model, which capped scholarships at 85 per team but allowed programs to carry a bevy of walk-ons to fill out their rosters...

Full story at https://www.cbssports.com/college-football/news/ncaa-removes-scholarship-limits-aligns-with-house-settlement-as-roster-sizes-evolve-in-new-college-sports-era/.

Posted by California Policy Issues at 3:30 AM No comments:

Labels: athletics

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